

Message Text

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ACTION XMB-04

INFO OCT-01 NEA-10 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 L-03 H-02 /085 W

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R 130815Z SEP 75

FM AMEMBASSY ALGIERS

TO SECSTATE WASHDC 3044

C O N F I D E N T I A L ALGIERS 2008

E.O. 11652: GDS

TAGS: PFOR, EGEN, EFIN, AG, US

SUBJECT: BILATERAL ISSUES

REF: STATE 209838

1. CALLED ON MINISTER OF INDUSTRY AND ENERGY, ABDESSELAM SEPT. 12 TO EXPLAIN TO HIM POLICY OF EXIMBANK VIS A VIS ALGERIA ALONG LINES REFTTEL. STRESSED THAT EXIM HAD NOT PLACED ANY CEILING OR LIMIT ON LENDING TO ALGERIA AND CONTINUED TO CONSIDER ALGERIA AN IMPORTANT BORROWER AND WORTHWHILE CREDIT RISK. I NOTED, HOWEVER, THAT EXIM EXPOSURE IN ALGERIA HAD GROWN DRAMATICALLY TO POINT WHERE ALGERIA RANKED NINTH IN AMOUNT OF EXPOSURE IN COMPARISON WITH COUNTRIES WITH WHOM EXIM DID BUSINESS. EXIM COULD NOT FINANCE ALL PROJECTS PROPOSED AND HAD NO CHOICE BUT TO BE SELECTIVE AND TO CHOOSE PROJECTS WHICH SEEMED TO MAKE THE MOST SENSE. PROJECTS WHICH HAD BEEN TURNED DOWN WERE REJECTED FOR PRACTICAL RATHER THAN POLITICAL REASONS. IT WOULD BE USEFUL IF IN FUTURE ALGERIANS COULD GIVE US IDEA WHERE VARIOUS PROJECTS STAND ON THEIR SCALE OF PRIORITIES. GAVE HIM LIST OF LOANS AND GUARANTEES TO DATE.

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2. ABDESSELAM RAISED SPECIFIC QUESTIONS RE REJECTED

PROJECTS. HE ASKED IF ALGERIA SELECTED AN AMERICAN SUPPLIER OTHER THAN GTE FOR PROFESSIONAL ELECTRONICS EQUIPMENT PROJECT, WOULD EXIMBANK THEN BE ABLE TO APPROVE FINANCING FOR THE PROJECT. REGARDING REJECTION OF FLUOR-PFIZER ANTIBIOTICS PLANT, THERE WAS STRONG ALGERIAN INTEREST IN HEALTH RELATED PROJECTS AND HE ASKED IF, GIVEN THIS INTEREST, EXIM COULD RECONSIDER REJECTION. SUM INVOLVED WAS SMALL AND INITIALLY EXIM SEEMED READY TO GO ALONG BUT HAD THEN REFUSED. I SAID I WOULD INQUIRE.

3. RE SCALE OF PRIORITIES, ALGERIANS CONSIDERED ALL PROJECTS SUBMITTED TO BE OF EQUAL IMPORTANCE. I REITERATED THAT WE HAD NO ALTERNATIVE BUT TO PICK AND CHOOSE AMONG THEM.

4. I NOTED THAT WE AWARE ALGERIANS UNHAPPY WITH PROPORTION OF EXIM FINANCING FOR EACH PROJECT AND LACK OF EXIM GUARANTEES. (ABDESSELAM NOT AWARE OF LATTER DEVELOPMENT.) I EXPLAINED THAT EXIM REASONED THIS ALLOWED LIMITED SUPPLY OF FUNDS TO BE STRETCHED OVER LARGER NUMBER OF PROJECTS. ABDESSELAM ASKED IF EXIMBANK POSITION COULD BE CLARIFIED. SPECIFICALLY, COULD WE CONFIRM THAT IT WOULD NO LONGER GUARANTEE ALGERIAN BORROWING IN US. SAID WE WOULD ASK, BUT WE THOUGHT ANSWER, AS WE HAD SAID EARLIER, WAS THAT THERE WOULD BE NO MORE GUARANTEES.

5. ABDESSELAM THEN SAID THAT HE HAD HEARD EXIM INTEREST RATES HAD JUST GONE UP AND ASKED WHETHER WE COULD CONFIRM. SAID WE WOULD CHECK.

6. ACTION REQUESTED: WOULD APPRECIATE GUIDANCE ON SPECIFIC QUESTIONS RAISED BY ABDESSELAM (ABOVE) RE: (A) PROFESSIONAL ELECTRONICS EQUIPMENT PROJECT, (B) FLUOR-PFIZER, (C) GUARANTEES, AND (D) INTEREST RATES. PARKER

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